

ELLIS:LAWHORNE

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December 6, 2004

VIA ELECTRONIC MAIL AND FIRST-CLASS MAIL SERVICE

Charles L.A. Terreni, Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia SC 29210

RE: Application of Lake Wylie Community Utilities, Inc. for Adjustment in
Rates and Charges for Water and Sewer Services
Docket No. 2004-_____ , Our File No. 751-10186

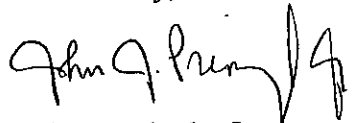
Dear Mr. Terreni:

Enclosed for filing please find an original and ten (10) copies of the **Application** for filing on behalf of Lake Wylie Community Utilities, Inc. in the above-referenced matter.

Please stamp "received" the additional copy of this letter, and return with the bearer of these documents.

With kind regards, I am

Yours truly,



John J. Pringle, Jr.

jjp/cr

Attachments

cc: Office of Regulatory Staff (via first-class mail service)
Mr. John Malpeli

**BEFORE THE
SOUTH CAROLINA
PUBLIC SERVICE COMMISSION**

DOCKET NO. 2004-_____-W/S

In Re:)	
)	
Application of Lake Wylie Community)	
Utilities, Inc. for Adjustment in Rates)	APPLICATION
and Charges for Water and Sewer Services)	
_____)	

In accordance with S.C. Code Annotated § 58-5-210 *et seq.*, and S.C. Code Annotated Regs. 103-512.4, 103.712.4 and 103-834, the Applicant, Lake Wylie Community Utilities, Inc., ("Lake Wylie", "Applicant" or the "Company") requests adjustment of its rates and charges for water and sewer services. Lake Wylie submits the following information and Exhibits in support of its application.

BACKGROUND

1. Lake Wylie is a corporation organized and existing under the laws of the State of South Carolina, and is a "public utility" as that term is defined in S.C. Code Annotated Section 58-5-10(3).

2. Correspondence or communications regarding this application should be addressed to:

John J. Pringle, Jr., Esquire
Ellis, Lawhorne & Sims, P.A.
P.O. Box 2285
Columbia, SC 29202

(803) 779-0066 (telephone)
(803) 799-8479 (facsimile)
jpringle@ellislawhome.com

3. The contact person regarding ongoing operations of the Applicant is:

John Malpeli
Lake Wylie Community Utilities, Inc.
1295 State Line Road
Clover, SC 29710
(803) 831-7000 (telephone)
(803) 831-9977 (facsimile)

4. Lake Wylie is authorized to serve the Lake Wylie Mobile Home Park ("MHP").

5. The Lake Wylie MHP is located in York County, South Carolina. The Company serves approximately 270 customers in the Lake Wylie MHP, all of which are residential.

6. The Company expects to maintain the approximate number of customers it now serves during the next twelve months.

7. Applicant is providing water and sewer service to the public for compensation in the Lake Wylie MHP pursuant to rates approved by the Commission by Order No. 82-455 in Docket No. 82-66-W/S.

REQUEST FOR RATE RELIEF

8. Pursuant to S.C. Code Ann. §§ 58-5-210 *et seq.* (1976), Lake Wylie requests that the Commission approve the monthly water and sewer charges set forth in the rate schedule attached hereto and incorporated by reference as **Exhibit A**.

SUPPORTING DOCUMENTATION

9. Applicant proposes a test year of January 1, 2003 to December 31, 2003 and has prepared certain financial statements relating to that time period in support of the Application.

These statements are attached hereto as **Exhibit B** and incorporated herein by reference.

10. Attached hereto and incorporated herein by this reference as **Exhibit C** are the most recent letters from the South Carolina Department of Health and Environmental Control ("DHEC") with regard to the system in question.

11. Attached hereto and incorporated herein by reference as **Exhibit D** is the Company's current customer bill form.

12. There is on file with this Commission a performance bond given to satisfy the requirements of S.C. Code Ann. § 58-5-720 (Supp. 2000).

13. A map depicting Lake Wylie's current service area is on file with the Commission.

14. The financial statements, other document submitted herewith, and the references to documents on file with the Commission are offered to comply with Commission Rules 103-512.4 and 103-712.4 and to provide information useful to the Commission in considering the reasonableness of the proposed rate schedule.

OVERVIEW AND JUSTIFICATION

15. Lake Wylie has not received a rate adjustment in over twenty-two (22) years. Customers have been paying the same rates for that time period.

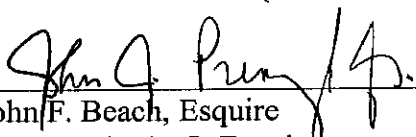
16. During that time period, the costs of operating the water and sewer systems in the Lake Wylie MHP have increased dramatically.

17. In order to remain financially viable, the Applicant must obtain a rate structure that allows the Company to recover its costs and earn a reasonable return.

WHEREFORE, having fully set forth its Application, Lake Wylie Community Utilities, Inc. requests that the Commission approve the rates proposed and grant Applicant such other and further relief as is just and proper.

Respectfully submitted,

ELLIS, LAWHORNE & SIMS, P.A.



John F. Beach, Esquire
John J. Pringle, Jr. Esquire
1501 Main Street, Suite 500
P.O. Box 2285
Columbia, South Carolina 29202
P) 803/779-0066
F) 803/799-8479

December 6, 2004
Columbia, South Carolina

Exhibit A

LAKE WYLIE COMMUNITY UTILITIES, INC.

1295 State Line Road
Clover, SC 29710
(803) 831-7000 (telephone)
(803) 831-9977 (facsimile)

SCHEDULE OF PROPOSED RATES AND CHARGES

WATER

- | | |
|--------------------------------|---------|
| 1. Monthly Charge- Residential | \$35.00 |
| 2. Recovery of DHEC Fees | \$1.25 |

This charge is to allow the Company to recover those fees it pays the South Carolina Department of Health and Environmental Control ("DHEC") for water testing. This charge is passed through to customers on a *pro rata* basis without markup.

- | | |
|---|-------|
| 3. Tap Fee - \$250 (previously approved by the Commission | |
| 4. Re-Connection Fee | \$150 |

This charge is to reimburse the Company for all costs, including labor and materials, associated with re-establishing service after disconnect for non-payment, failure to make a deposit, or fraudulent or illegal use.

- | | |
|-----------------------|---------|
| 5. Administration Fee | \$45.00 |
|-----------------------|---------|

This charge is to cover the administrative cost of re-establishing service upon a change of customer where service has previously been established.

6. Deposit

Company may require a customer deposit up to the maximum amount allowed by applicable South Carolina Statute and/or South Carolina Public Service Commission Rule.

7. Late Penalty Charge

Company may charge a late-payment penalty up to the maximum amount allowed by applicable South Carolina Statute and/or South Carolina Public Service Commission Rule.

8. NSF Check Charge

Company may charge a NSF check charge up to the maximum amount allowed by applicable South Carolina statute and/or South Carolina Public Service Commission Rule.

SEWER

1. **Monthly Charge – Residential** **\$35.00**
2. **Tap Fee - \$250 (previously approved by the Commission)**
3. **Re-Connection Fee** **\$150**

This charge is to reimburse the Company for all costs, including labor and materials, associated with re-establishing service after disconnect for non-payment, failure to make a deposit, or fraudulent or illegal use.

4. **Administration Fee** **\$45.00**

This charge is to cover the administrative cost of re-establishing service upon a change of customer where service has previously been established.

5. Deposit

Company may require a customer deposit up to the maximum amount allowed by applicable South Carolina Statute and/or South Carolina Public Service Commission Rule.

6. Late Penalty Charge

Company may charge a late-payment penalty up to the maximum amount allowed by applicable South Carolina Statute and/or South Carolina Public Service Commission Rule.

7. NSF Check Charge

Company may charge a NSF check charge up to the maximum amount allowed by applicable South Carolina statute and/or South Carolina Public Service Commission Rule.

9. Toxic and Pretreatment Effluent Guidelines

The Company will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR §129.4 and §401.15. Additionally, pollutants or pollutant properties subject to 40 CFR §403.5 and §403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Company's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Company for all damages and costs, including reasonable attorney's fees, incurred by the Company as a result thereof.

Exhibit B

Lake Wylie Community Utilities, Inc.
Balance Sheet
12/31/2003

Ending 12/31/2003

Assets**Current Assets**

Cash in the bank - Clover Bank

33.30

Total Current Assets: 33.30**Fixed Assets**

Auto and Truck

30,221.20

Acc Dep - Auto/Truck

(4,927.58)

Water Equipment

86,492.00

Acc Dep - Water Equipment

(55,884.60)

Sewer Equipment

87,416.95

Acc Dep - Sewer Equipment

(64,340.15)

Total Fixed Assets: 78,977.82**Other Assets**0.00**Total Assets:** 79,011.12**Liabilities and Owner's Equity****Liabilities****Current Liabilities**

Accounts Payable - Trade

1,455.00

Note Payable - Truck

31,353.78

Total Current Liabilities: 32,808.78**Other Liabilities**0.00**Total Liabilities:** 32,808.78**Owner's Equity**

Capital Stock

10,000.00

Paid in Surplus

36,202.34

Total Owner's Equity: 46,202.34**Total Liabilities and Owner's Equity:** 79,011.12

Lake Wylie Community Utilities, Inc.
Income Statement - Per Books
Test Year Ending 12/31/2003

Exhibit B-2

	<u>Year Totals</u>
Operating Revenue	
Water Charges	34,120.00
D-Hec Income - water	4,274.00
Sewer Charges	34,120.00
Total Income	<u>72,514.00</u>
Cost of Sales	<u>0.00</u>
Total Revenues	<u>72,514.00</u>
 Operating and Non-Cash Expenses	
Operating Expenses	
Regulatory fees - water	3,992.52
Use tax	49.63
Purchased Power - water	7,776.50
Contract - Accounting - water	2,768.75
Contract - Management - water	19,500.00
Contract Service - water	322.63
Contract Service - Direct Labor - water	10,359.92
Contract Service - Office Labor - water	10,240.54
Repairs and maintenance - water	14,988.58
Transportation - water	1,086.44
Insurance - Auto - water	103.75
Insurance - Liability - water	2,817.96
Office - water	3,007.81
Regulatory fees - sewer	1,802.99
Use Tax	49.63
Purchased Power - sewer	4,771.50
Contract - Accounting - sewer	2,768.75
Contract - Management - sewer	19,500.00
Contract Service - sewer	322.63
Contract Service - Direct Labor - sewer	10,359.92
Contract Service - Office Labor - sewer	10,240.54
Repairs and maintenance - sewer	1,945.19
Transportation - sewer	1,086.45
Insurance - Auto - sewer	103.75
Insurance - Liability - sewer	2,817.96
Office - sewer	3,007.81
Chemicals - Other	1,198.48
Total Operating Expenses	<u>136,990.63</u>
 Non-Cash Expenses	
Depreciation - water equipment	7,310.57
Depreciation - sewer equipment	7,408.37
Total Non-Cash Expenses	<u>14,718.94</u>
Total Operating and Non-Cash Expenses	<u>151,709.57</u>
 Other Income	0.00
 Other Expenses	
Penalties	6.00
Interest expense - water	29.72
Loss on disposal of fixed asset - water	3,326.57
Interest expense - sewer	29.73
Loss on disposal of fixed asset - sewer	3,326.56
Total Other Expenses	<u>6,718.58</u>
 Total Expenses	158,428.15
 Net Income (Loss) from Operations	<u>(79,195.57)</u>
 Operating Margin	-109.21%

Lake Wylie Community Utilities, Inc.
Income Statement - Adjusted
Test Year Ending 12/31/2004

Exhibit B-3

	<u>Year Totals</u>
Operating Revenue	
Water Charges (270 Customers x \$35/month x 12 months)	113,400.00
DHEC Income - water	4,274.00
Sewer Charges (270 Customers x \$35/month x 12 months)	113,400.00
Total Income	<u>231,074.00</u>
Cost of Sales	<u>0.00</u>
Total Revenues	<u>231,074.00</u>
 Operating and Non-Cash Expenses	
Operating Expenses	
Regulatory fees - water	3,992.52
Use tax	49.63
Purchased Power - water	7,776.50
Contract - Accounting - water	2,768.75
Contract - Management - water	19,500.00
Contract Service - water	322.63
Contract Service - Direct Labor - water	10,359.92
Contract Service - Office Labor - water	10,240.54
Repairs and maintenance - water	14,988.58
Transportation - water	1,086.44
Insurance - Auto - water	103.75
Insurance - Liability - water	2,817.96
Office - water	3,007.81
Regulatory fees - sewer	1,802.99
Use Tax	49.63
Purchased Power - sewer	4,771.50
Contract - Accounting - sewer	2,768.75
Contract - Management - sewer	19,500.00
Contract Service - sewer	322.63
Contract Service - Direct Labor - sewer	10,359.92
Contract Service - Office Labor - sewer	10,240.54
Repairs and maintenance - sewer	1,945.19
Transportation - sewer	1,086.45
Insurance - Auto - sewer	103.75
Insurance - Liability - sewer	2,817.96
Office - sewer	3,007.81
Chemicals - Other	1,198.48
Total Operating Expenses	<u>136,990.63</u>
 Non-Cash Expenses	
Depreciation - water equipment	7,310.57
Depreciation - sewer equipment	7,408.37
Total Non-Cash Expenses	<u>14,718.94</u>
Total Operating and Non-Cash Expenses Before Adjustment)	<u>151,709.57</u>
 Adjustment One - Legal and Professional Fees (Estimated) (5-yr. Amort.)	10,000.00
Adjustment Two - State and Federal Taxes	19,925.06
 Total Operating and Non-Cash Expenses As Adjusted	181,634.63
 Other Expenses	
Penalties	6.00
Interest expense - water	29.72
Loss on disposal of fixed asset - water	0.00
Interest expense - sewer	29.73
Loss on disposal of fixed asset - sewer	0.00
Total Other Expenses	<u>65.45</u>
 Total Expenses	181,700.08
 Net Income (Loss) from Operations	<u>49,439.37</u>
 Operating Margin	21.40%

Lake Wylie Community Utilities, Inc.
Computation of Income Taxes
Test Year Ended December 31, 2003 - With Adjustments

Exhibit B-4

Operating Revenue		231,074
Operating Expenses	151,710	
Amortization - Legal & Accounting	<u>10,000</u>	<u>161,710</u>
Net Operating Income Before Taxes		69,364
Less: Interest Expense		<u>59</u>
Taxable Income State		69,305
State Income 5%		<u>3,465</u>
Taxable Income Federal		65,839
Federal Income - Average Stockholder Rate: 25%		16,460
Total State & Federal Taxes		<u>19,925</u>

Exhibit C



**CATAWBA DISTRICT
ENVIRONMENTAL QUALITY CONTROL**
Serving Chester, Lancaster, and York Counties

J Malpeli
1295 State Line Rd
Lake Wylie SC 29710

Re: Sanitary Survey of Lake Wylie MHP
SCDHEC ID# 4660081

J Malpeli,

A sanitary survey of the drinking water system serving the above referenced site was conducted recently and a copy of the survey report is enclosed for your records. The overall rating for the system is **Satisfactory**. Please see the findings for items needing improvement. It is necessary that you retain a copy of this report for a period of not less than ten years and make it available to DHEC or the public upon request.

I will be happy to meet with you to discuss this agency's requirements for a public water system. Please let me know if you have any questions or if I can be of further assistance. Thank you for your cooperation.

Sincerely,

Hollon R. Stillwell
District Drinking Water

cc: Bureau of Drinking Water Protection
District File



South Carolina Department of Health and Environmental Control

NPDES Compliance Evaluation Inspection Report

NPDES Permit No.: SC0037605

Inspection Type: CEI Date of Inspection: 02/05/04

Entry Time: 1300 Hours Exit Time: 1645 Hours

Permit Effective Date: 09/01/00 Permit Expiration Date: 09/30/05

Name and Location of Facility, (include county):

Lake Wylie MHP
1295 State Line Road.
Lake Wylie, SC 29710
York County

Name, Title, Telephone No. of On-Site Representative(s):

Rick Gardner/ Operator A-4572
(803) 457-6570

Name and Address of Responsible Official/Title/Telephone No. :

John C. Malpeli, President
Lake Wylie MHP
1295 State Line Road.
Lake Wylie, SC 29710
(803) 831-7000

***Areas Evaluated During Inspection**

Permit	*	Flow Measurement	*	Operation and Maintenance	*
Records/Reports	*	Self-Monitoring	*	Sludge Handling/Disposal	*
Facility Site Review	*	Compliance Schedules		Pretreatment	
Influent/Receiving Waters	*	Laboratory		Storm Water	
CSO/SSO		Other:			

Name of Inspector: Steven R. Moseley District/Section: Catawba

Name of District/Section Reviewer: Steven R. Moseley Date: 02/05/04

Signature of PSC Reviewer: _____ Date: _____

FLOW MEASUREMENT

The permittee's flow measurement was in compliance with the NPDES permit. A 60-degree V notch weir measures the effluent flow. The flow is recorded on an ISCO flow recorder and totalizer. An instrument technician calibrated the secondary devices November 6, 2003. The Facility was discharging at 62,900 gallons during the inspection. During the inspection, the secondary devices were within 5% of the actual flow. The allowable deviation is +/- 10% of the actual flow.

Rating: Satisfactory

COMPLIANCE SCHEDULE

The facility is not subject to a schedule of compliance.

Rating: Satisfactory

SELF-MONITORING

The permittee's self-monitoring was in compliance with the NPDES permit. Samples for the permit parameters are collected once per week by a ISCO sampler. The samples are collected over a 24-hour period proportional to effluent flow at a rate of one sample (120 mL) per 910-gallons. Ice is used to maintain proper temperature during sampling and transporting to the private laboratory.

Rating: Satisfactory

OPERATION AND MAINTENANCE

During the inspection, all treatment units were in service and appeared to be operating satisfactorily.

Rating: Satisfactory

SLUDGE DISPOSAL

Sludge disposal begins by wasting sludge to an aerobic digester. Digested sludge is pumped out and disposed at either facility listed: Liquid Waste Inc., Land Application Site (WQ0014843) or Charlotte Mecklenburg Utility Department (Irwin Creek Wastewater Treatment Plant or McAlpine Creek Wastewater Treatment Plant).

Rating: Satisfactory

COMPLIANCE EVALUATION INSPECTION

Lake Wylie Mobile Home Park

York, South Carolina

NPDES NO. SC0037605

On February 5, 2004, personnel from the South Carolina Department of Health and Environmental Control (SCDHEC) conducted a Compliance Evaluation Inspection (CEI) of Lake Wylie Mobile Home Park Wastewater Treatment Plant, York County, South Carolina. The SCDHEC inspector, Steven R. Moseley & Lanny Robinson, met with facility representatives to explain the objectives and procedures of the inspection. All findings made during the inspection were discussed with the representatives in a closing conference.

The results of the inspection are as follows:

PERMIT

The facility's NPDES permit no. SC0037605 became effective September 1, 2000, and expires September 30, 2005. Information regarding wastewater source, receiving stream, and number and location of discharge was reviewed and verified with existing conditions at the facility. All discharges are permitted.

Rating: Satisfactory

RECORDS AND REPORTS

The permittee's record keeping and reporting procedures are in compliance with the NPDES permit. Analytical results are consistent with data on the December 2003 DMR. The sampling and analytical data properly documents the date, time, collector, location of sampling, and the date, time, and person performing analyses. All calculations are being performed correctly. All records are maintained for the required time period. An O & M manual was available for review.

Rating: Satisfactory

FACILITY SITE REVIEW

The facility is 90,000 gallons per day activated sludge package wastewater treatment plant. After treatment the wastewater is chlorinated in a chlorine contact chamber. De-chlorination occurs prior to being discharged to the receiving waters.

Rating: Satisfactory

Exhibit D

STATEMENT

260

Statement date 12/1/2004

LAKE WYLIE, SC 29710

Amount Due 23.25

Date	Document number	Description	Charges	Payments	Balance
12/1/2004	RC-00005860	STATELINE ROAD	23.25		23.25

Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	Balance
23.25						23.25

WATER \$10.00, SEWER \$10.00, DHEC \$1.25, LIGHTS \$2.00